THE FARM INCOME STABILIZATION COMMISSION OF ONTARIO

SEVENTH ANNUAL REPORT

FISCAL YEAR ENDED MARCH 31, 1964

ONTARIO
MINISTRY OF AGRICULTURE AND FOOD
LEGISLATIVE BUILDINGS, TORONTO

HON. [illegible]
Minister

85-2227/

Toronto, Ontario
Oct. 5, 1984

To The Honourable Dennis R. Timbrell, Minister
Ministry of Agriculture and Food
Province of Ontario.

Sir:

I have the honour to submit herewith the Annual Report of The Farm Income Stabilization Commission of Ontario for the period April 1, 1983 to March 31, 1984 including the report of the Provincial Auditor.

Respectfully Submitted

M. Huff, Chairman
The Farm Income Stabilization Commission of Ontario

Seventh Annual Report

of

The Farm Income Stabilization Commission of Ontario

For Fiscal Year Ended March 31, 1984

COMMISSION MEMBERS

MORRIS HUFF — Chairman

RAYMOND McDONALD — Member

HOWARD STAFF — Member

KEITH BUCHNER— Member
(Rep. Ontario Federation of Agriculture)

ELLARD POWERS — Member
(Rep. National Farmers Union)

JOHN MOERMAN — Member
(Rep. Christian Farmers Federation)

OFFICERS

M. HUFF
General Manager

M. J. TAGGART
Assistant General Manager / Accounting

BARBARA HUNTER
Secretary

FARM INCOME STABILIZATION COMMISSION OF ONTARIO

RESPONSIBILITIES

— administration of The Farm Income Stabilization Act

— administer plans of Farm Income Stabilization established by regulations

— provide for surveys and research relating to farm income stabilization to obtain statistics for Commission purposes.

THE YEAR IN REVIEW

The Commission made stabilization payments of $5.71 per tonne for Corn, $1.19 per tonne for Barley, $13.61 per tonne for Soybeans, and $24.12 per tonne for White Beans for the 1982-83 crop year.

Stabilization payments are made on registered and eligible production when producer returns fall below 95% of the previous five-year average price plus changes in cash costs of production. Payments are limited to the difference between the 90% and 95% levels. Participating producers are required to register expected sales and pay fees in advance equivalent to an estimated one-third of the expected payouts. Interest is credited to producer fees on deposit and any unused fees and interest are returned at the termination of the program.

Following negotiations with the Apple industry, a plan was introduced covering the 1983 crop.

The Ontario Government's share of Corn, Soybeans, White Beans and Barley Stabilization payments in 1983-1984 was $4.3 million.

FARM INCOME STABILIZATION COMMISSION OF ONTARIO

(Incorporated without share capital under
the Farm Income Stabilization Act)

Balance Sheet
as at March 31, 1984

ASSETS

	1984	1983
	$	$
Cash in banks	16,254,877	11,035,865
Accounts receivable (note 4)	10,493	56,170
	16,265,370	11,092,035

LIABILITIES

Loans from the Treasurer of Ontario (note 5)	—	691,705
Farmers' enrollment fees, including interest income (Schedule 1) (note 3)	9,925,573	8,997,266
Government subsidies (Schedule 2) (notes 3 and 4)	6,339,797	1,403,064
	16,265,370	11,092,035

See accompanying schedules and notes to financial statements.

FARM INCOME STABILIZATION COMMISSION OF ONTARIO

AUDITOR'S REPORT

I have examined the balance sheet of the Farm Income Stabilization Commission of Ontario as at March 31, 1984 and the statement of receipts and disbursements for the year then ended. My examination was made in accordance with generally accepted auditing standards, and accordingly included such tests and other procedures as I considered necessary in the circumstances.

In my opinion, these financial statements present fairly the financial position of the Commission as at March 31, 1984 and its receipts and disbursements in accordance with the accounting policies described in note 1 to the financial statements applied on a basis consistent with that of the preceding year.

In accordance with section 14 of the Farm Income Stabilization Act, a report on the audit has been made to the Commission and to the Minister.

J.F. Otterman, C.A.,
Assistant Provincial Auditor.

Toronto, Ontario,
August 3, 1984.

FARM INCOME STABILIZATION COMMISSION OF ONTARIO

Statement of Receipts and Disbursements
for the year ended March 31, 1984

	1984	1983
	$	$
Receipts:		
Ontario Corn Stabilization Plan, 1979-1981:		
Subsidy from Province of Ontario	—	1,300,000
Ontario Soybean Stabilization Plan, 1979-1981:		
Subsidy from Province of Ontario	—	600,000
Ontario Barley Stabilization Plan, 1982-1984:		
Subsidy from Province of Ontario	62,524	—
Ontario Corn Stabilization Plan, 1982-1984: (note 7)		
Subsidy from Province of Ontario	5,786,679	—
Ontario Soybean Stabilization Plan, 1982-1984:		
Subsidy from Province of Ontario	2,564,463	—
Ontario White Beans Stabilization Plan, 1982-1984:		
Subsidy from Province of Ontario	535,000	—
Ontario Weaner Pig Stabilization Plan, 1980-1985:		
Subsidy from Province of Ontario	—	5,000,000
Loans from Province of Ontario	—	1,200,000
Interest income	228,812	183,547
Interest on outstanding fees (note 4)	45,077	359,306
	273,889	6,742,853
Farmers' enrollment fees, including interest income (note 3)	3,905,031	11,091,658
Administrative expenses paid by Province (notes 1 and 2)	308,978	261,200
	13,436,564	19,995,711
Disbursements:		
Stabilization payments (note 6):		
Ontario Corn Stabilization Plan, 1979-1981	557,937	879,328
Ontario Soybean Stabilization Plan, 1979-1981	189,501	449,085
Ontario Barley Stabilization Plan, 1982-1984	22,659	—
Ontario Corn Stabilization Plan, 1982-1984 (note 7)	2,219,703	—
Ontario Soybean Stabilization Plan, 1982-1984	2,916,381	—
Ontario White Bean Stabilization Plan, 1982-1984	569,448	—
Ontario Weaner Pig Stabilization Plan, 1980-1985	717	7,607,588
	6,476,346	8,936,001
Refunds of 1979-81 farmers' fees balance	688,860	1,762,375
Repayment of loans from Province of Ontario	691,705	2,435,098
Interest expense	51,663	434,990
Administrative expenses	308,978	261,200
	8,217,552	13,829,664
Excess of receipts over disbursements	5,219,012	6,166,047
Cash in banks, beginning of year	11,035,865	4,869,818
Cash in banks, end of year	16,254,877	11,035,865

See accompanying schedules and notes to financial statements.

FARM INCOME STABILIZATION COMMISSION OF ONTARIO

Schedule of Farmers' Enrollment Fee Balances by Plan
as at March 31, 1984

Stabilization Plan	Balance April 1/83	Fees	Interest	Total	Share of Payments	Refunds	Balance March 31/84
	$	$	$	$	$	$	$
(note 3)		(note 3)					
1979-1981:							
Corn	1,031,489	—	27,952	27,952	(185,979)	(642,423)	231,039
Soybeans	131,976	—	3,146	3,146	(63,167)	(46,437)	25,518
	1,163,465	—	31,098	31,098	(249,146)	(688,860)	256,557
1982-1984:							
Corn	3,040,231	1,207,945	276,156	1,484,101	(739,901)	—	3,784,431
Soybeans	1,317,864	520,467	116,880	637,347	(972,127)	—	983,084
White Beans	277,641	68,653	23,026	91,679	(189,816)	—	179,504
Winter Wheat	290,572	235,861	32,059	267,920	—	—	558,492
Barley	162,834	40,911	14,140	55,051	(7,553)	—	210,332
	5,089,142	2,073,837	462,261	2,536,098	(1,909,397)	—	5,715,843
1983-1987:							
Apples	—	302,866	12,865	315,731	—	—	315,731
1980-1985:							
Weaner Pig	2,744,659	641,346	251,676	893,022	(239)	—	3,637,442
	8,997,266	3,018,049	757,900	3,775,949	(2,158,782)	(688,860)	9,925,573

See accompanying schedules and notes to financial statements.

FARM INCOME STABILIZATION COMMISSION OF ONTARIO

Schedule of Government Subsidies
for the year ended March 31, 1984

	1984	1983
	$	$
Ontario Corn Stabilization Plan, 1979-1981:		
Balance, beginning of year	713,781	—
Subsidy from Province of Ontario	—	1,300,000
Stabilization payments	557,937	879,328
Less farmers' share (1/3)	185,979	293,109
	371,958	586,219
Balance, end of year	341,823	713,781
Ontario Soybean Stabilization Plan, 1979-1981:		
Balance, beginning of year	300,610	—
Subsidy from Province of Ontario	—	600,000
Stabilization payments	189,501	449,085
Less farmers' share (1/3)	63,167	149,695
	126,334	299,390
Balance, end of year	174,276	300,610
Ontario Corn Stabilization Plan, 1982-1984:		
Balance, beginning of year	—	—
Subsidy from Province of Ontario	5,786,679	—
Stabilization payments	2,219,703	—
Less farmers' share (1/3)	739,901	—
	1,479,802	—
Balance, end of year	4,306,877	—
Ontario Soybean Stabilization Plan, 1982-1984:		
Balance, beginning of year	—	—
Subsidy from Province of Ontario	2,564,463	—
Stabilization payments	2,916,381	—
Less farmers' share (1/3)	972,127	—
	1,944,254	—
Balance, end of year	620,209	—
Ontario White Beans Stabilization Plan, 1982-1984:		
Balance, beginning of year	—	—
Subsidy from Province of Ontario	535,000	—
Stabilization payments	569,448	—
Less farmers' share (1/3)	189,816	—
	379,632	—
Balance, end of year	155,368	—
Ontario Barley Stabilization Plan, 1982-1984:		
Balance, beginning of year	—	—
Subsidy from Province of Ontario	62,524	—
Stabilization payments	22,659	—
Less farmers' share (1/3)	7,553	—
	15,106	—
Balance, end of year	47,418	—
Ontario Weaner Pig Stabilization Plan, 1980-1985:		
Balance, beginning of year	388,673	390,267
Subsidy from Province of Ontario	—	5,000,000
Interest income	228,812	183,547
Overprovision for bad debts	115,000	—
	343,812	5,183,547
Stabilization payments	717	7,607,588
Less farmers' share (1/3)	239	2,535,864
	478	5,071,724
Loan interest net of interest on accounts receivable	38,181	113,417
	38,659	5,185,141
Balance, end of year	693,826	388,673
Balance, end of year	6,339,797	1,403,064

See accompanying schedules and notes to financial statements.

SCHEDULE 3

FARM INCOME STABILIZATION COMMISSION OF ONTARIO

Schedule of Administrative Expenses
for the year ended March 31, 1984

	1984	1983
	$	$
Salaries and wages	55,350	50,060
Transportation and communication	16,026	16,719
Services	224,190	157,853
Supplies and equipment	13,412	36,568
	308,978	261,200

See accompanying schedules and notes to financial statements.

FARM INCOME STABILIZATION COMMISSION OF ONTARIO

Notes to Financial Statements
March 31, 1984

1. SIGNIFICANT ACCOUNTING POLICIES

(a) Basis of Accounting

The Commission uses a cash basis of accounting except for the following modifications:

i) For administrative expenses, an additional thirty days is allowed to pay for goods and services pertaining to the fiscal year just ended. In this regard, payments to employees for a pay period which overlaps the fiscal year end date are apportioned between the two years.

ii) An allowance for doubtful accounts has been established as discussed in note 4.

iii) Interest is accrued on both outstanding fees receivable and the loan from the Treasurer of Ontario.

2. ADMINISTRATIVE EXPENSES

Administrative expenses are paid out of moneys appropriated therefor by the Legislature of the Province of Ontario. Certain additional administrative expenses have been absorbed by The Crop Insurance Commission of Ontario.

3. FARM INCOME STABILIZATION PLANS

Farm income stabilization plans are established by regulations under the Farm Income Stabilization Act. These voluntary plans are designed to stabilize the income of Ontario farmers in periods of low market prices. Federal stabilization support payments are made for the difference between the current market price and 90 per cent of the five-year average market price as adjusted for changes in cash costs of production. On the same basis, provincial plans support prices between 90 and 95 per cent of the five year average price.

Fees are normally collected in advance except as discussed in note 4 and are set at a level sufficient to cover approximately one-third of the stabilization support payments in accordance with the provisions of section 6(3) of the Farm Income Stabilization Act. The Province of Ontario provides the other two-thirds.

Upon termination of each plan, moneys standing to the credit of farmers enrolled in these plans will be refunded together with any interest earned thereon. Voluntary stabilization plans exist for the following seven commodities: corn, soybeans, white beans, winter wheat, barley, apples and weaner pigs.

4. ONTARIO WEANER PIG STABILIZATION PLAN, 1980-1985

The Government of Ontario developed this five-year plan to help stabilize the incomes of many of the province's pork producers. The plan functions in the manner as discussed in Note 3, with one exception. In previous years, in order to pay the producers the maximum amount possible under the regulations

when stabilization support payments were made, the difference between the farmers' one-third share of the stabilization support payments and their prepaid registration fees were not deducted from the stabilization support payments but rather were recorded as accounts receivable. While the Commission will endeavour to recover the advances including interest at a later date, a reserve for doubtful accounts of $237,000 has been reflected in the Commission's accounts as at March 31, 1984 (1983 - $400,000).

5. LOANS FROM THE TREASURER OF ONTARIO

The Treasurer of Ontario has provided loans under section 11 of the Act to finance a portion of the stabilization payments under the Ontario Weaner Pig Stabilization Plan, 1980-1985. The maximum term of each of these loans is five years, and they bear interest for that term at the current market rate as determined by the Treasurer of Ontario at the time such loans are authorized by Order in Council.

6. STABILIZATION PAYMENTS

Stabilization payments for the 1981 crop year are currently being made under the Corn Stabilization Plan, 1979-1981 and the Soybean Stabilization Plan, 1979-1981. Farmers are eligible to make claims under the above plans until August 31, 1984.

Stabilization payments for the 1982 crop year are currently being made under the 1982-1984 Corn, Barley, Soybean and White Bean Stabilization Plans. Farmers are eligible to make claims under the Corn, Soybean and White Bean plans until August 31, 1985. Claims under the Barley plan can be made until July 31, 1985.

7. REVISION OF 1982 CORN STABILIZATION PRICE

The federal Agricultural Stabilization Board adjusted their price calculations of the support payment relating to the 1982 corn plan. The new level of support increased the provincial 1982 corn payment by $2.7 million including the farmers' one-third share. These payments will be disbursed in forthcoming fiscal years.

8. COMPARATIVE FIGURES

Comparative figures in Schedule 3 have been reclassified where necessary to conform to the 1984 presentation.